

# RECORD OF PROCEEDINGS

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## MINUTES OF THE BOARD OF WATER COMMISSIONERS

**Open Session**

**April 12, 2006**

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, April 12, 2006 beginning at 9:32 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

**Denise S. Maes, First Vice President**  
**Thomas A. Gougeon, Vice President**  
**Penfield Tate, Vice President**  
**Harris Sherman, Vice President**

Board employees and others present during portions of the Meeting were:

H. J. Barry, Manager  
P. L. Wells, General Counsel  
D. B. LaFrance, Director of Finance  
E. E. Pokorney, Director of Planning  
M. L. Bassett, Director of Public Affairs  
B. D. Good, Director of Operations & Maintenance  
J. L. Diebel, Director of Engineering  
C. R. Dermody, Director of Information Technology  
C. Elam-Floyd, Manager of Human Resources  
A. T. Spaulding, Manager of Purchasing  
S. Duncan, Intergovernmental Affairs Coordinator  
G. T. Malmberg, Sales Administrator  
K. Kempke, Manager of Treasury Operations  
L. Firth, Manager of Community Relations  
M. L. Walker, Attorney  
J. H. Bambei, Jr., Chief of Engineering  
S. Price, Engineer  
B. Balley, Engineer  
J. E. Crockett, Manager of Risk & Benefit  
P. Miller, Manager of Customer Care  
S. Holman, Human Resources  
D. B. Engleman, Human Resources  
C. Franklin, Customer Care  
P. Gallegos, Customer Care

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J. Buerkle, Purchasing  
A. Rettig, Treasury  
J. Wright, Manager of Rate Administration  
D. L. Little, Manager of Water Resource Planning  
M. Leister, Engineer  
J. Clayburg-Moore, Customer Service  
D. Bennett, Planner  
E. V. Gardener, Manager of Water Conservation  
G. C. Fisher, Chief Planner  
M. D. Waage, Water Resource Engineer  
R. G. Steger, Water Resource Engineer  
S. Nelson, Building Maintenance Foreman  
G. Visnic, Manager of Accounting  
G. Zervos, Accountant  
Sylvia Diebel  
Dave Romero, Denver Parks and Recreation  
Pat Fitzgerald, Distributors Liaison Representative, Platte Canyon  
Water and Sanitation District and Southwest Metropolitan Water  
and Sanitation District  
Walt Petit, Wheat Ridge Water District  
Rick McCloud, Centennial Water and Sanitation District  
Deb Pilon, Willows Water District  
Roberta Simonton, Citizens' Advisory Committee  
Evania Archuleta, Area Representative for U.S. Senator Wayne  
Allard's Office  
Keith Simon, Colony Investments, Inc.  
Gardiner Hammond, Landmark Properties  
Brenda O'Brien, GreenCo  
Jodie Cates, Grant Thornton, LLP  
Dennis Yockey, Grant Thornton, LLP

#### Media

Joey Bunch, Denver Post  
Jerd Smith, Rocky Mountain News  
Jamie Kim, 9 News  
Mike Flannigan, 7 News  
Jim Hooley, 7 News  
Jennifer Cabala, CBS 4  
Gregory Nieto, WB2  
James Long, WB2

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Commissioner Maes called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioner Beardsley was found to be absent for substantial cause and was excused.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meetings of March 8, 2006 and March 22, 2006 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of March 8, 2006 and March 22, 2006 were approved.

#### CEREMONY – RETIREMENT OF JON DIEBEL

Mr. Barry explained that Jon Diebel, Director of Engineering since January 1, 1993, and Denver Water employee for more than 30 years was retiring. Mr. Barry then provided a short history of Mr. Diebel's employment with Denver Water beginning in February 1973, when he was hired as an Engineering Tech II. Mr. Barry complimented Mr. Diebel for his practical and realistic approach to problems, and thanked him for his many contributions to Denver Water.

Mr. Diebel introduced his wife, Sylvia, and explained he had enjoyed working with the Board and staff. The Commissioners commented regarding Mr. Diebel's work ethic, his diplomacy, his contributions to Denver Water and his ability to maintain and build a strategic water system. The Commissioners wished him well in his retirement.

#### PUBLIC COMMENT

Commissioner Maes thanked the guests for attending the Board meeting. Commissioner Maes asked for comment from members of the public regarding matters not included in the Board's Agenda.

Evania Archuleta, Area Representative for U.S. Senator Wayne Allard's Office, spoke regarding Senate Bill 2604, a bill introduced by Senator Allard regarding protection of Colorado's watersheds and provision of a long-term solution to the bark beetle problem in Colorado's forests. Ms. Archuleta provided the Commissioners and the public with a copy of an April 10, 2006 press release concerning the Act, a copy of which is attached to and incorporated in these Minutes as Exhibit "A."

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Joe Anderson, a Denver native, spoke to the Board regarding the need to install a Parshall flume on the Rocky Mountain Ditch inlet to Sloan's Lake, necessary according to Mr. Anderson to measure the inflow to the lake. Mr. Anderson also spoke in opposition to the installation of pumps from Sloan's Lake for irrigation purposes. Mr. Anderson asked that the Board not divert water for irrigation from Sloan's Lake, but rather use the lake for recreational purposes.

Mr. Barry explained the proposed irrigation system had been installed by Denver Parks, and Denver Water has not been involved in the program. The water used by the City at Sloan's Lake is not owned or controlled by Denver Water and Mr. Anderson needed to discuss the issues with the Department of Parks.

Commissioner Maes thanked Ms. Archuleta and Mr. Anderson for their comments and asked if there were any further comments regarding matters that were not on the Board's Agenda for the meeting. There was no further response.

Commissioner Maes, noting that there were a number of people in attendance, asked that the Commissioners take up Agenda Item V-A-4, the 2006 Summer Water Use Program, as the first item on its agenda.

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. **ITEM V-A-4: 2006 SUMMER WATER USE PROGRAM**

The Board adopted the 2006 Summer Water Use Program effective May 1 to September 30, 2006, which includes the following elements:

- Customers are directed to water lawns no more than three days per week, selected at their discretion, and only as much as the landscape needs.
- Each customer is to receive a document by direct mail that provides instructions for the 2006 Summer Water Use Program and gives helpful information for determining the correct amount of water (in inches and minutes) that should be applied to the landscape.
- Denver Water is to remind customers of Chapter 12 of the Board's Operating Rules which contains definitions of water waste:
  - o Applying more water than is reasonably necessary to establish and maintain a healthy landscape.

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- o Watering with spray irrigation between the hours of 10:00 a.m. and 6:00 p.m. during the period from May 1 to September 1.
  - o Watering landscaped areas during rain or high wind.
  - o Applying water intended for irrigation to an impervious surface, such as a street, parking lot, alley, sidewalk or driveway.
  - o Allowing water to pool or flow across the ground or into any drainage way, such as gutters, streets, alleys or storm drains.
  - o Failing to repair, for a period of more than ten days after notice, leaking or damaged irrigation components.
- Provide the following information on the Denver Water web site continually:
  - o Conservation tips
  - o Three-years of water use history for each customer by account number
  - o Rebates for residential, business and government customers
  - o The Run-Time Scheduler to help customers apply more precise amounts of water to landscapes
  - o Indoor and outdoor water use checklists for increased efficiency
  - o Promotion of 12-week *Denver Post* series on efficient water use on landscape
- Develop a program whereby customers may elect to receive monthly messages by phone and/or internet to help them to reduce water use;
- Continue to publicize widely the Board's rebate program and add wireless rainfall sensors to the rebate list of approved devices;
- Provide monthly meter readings to ten per cent of Denver Water's customers as a pilot study to help reduce water use and eliminate waste.

Ms. Bassett explained that Denver Water's customers have reduced water usage by nearly 20% over the last few years, and the proposed program would reinforce and encourage responsible stewardship of water. Ms. Bassett then outlined the terms of the program as are described above, and commented the program was similar to suggestions made by the Distributors Forum regarding last year.

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Pat Fitzgerald, on behalf of the Distributors Forum, explained members of the forum had not had an opportunity to discuss the proposed program, but that he felt they would appreciate the flexibility and would support the efficient and wise water use aspects.

Commissioner Tate commented regarding the ability of Denver Water's customers to conserve and preserve water during recent times. He opined the three days of watering per week would provide more flexibility. Commissioner Tate explained the Board would continue to monitor water use and water supply, and would evaluate changes, if necessary, if conditions changed.

Commissioner Gougeon spoke regarding the restrictions that had been in place during the last three or four years and the need to continue to move the baseline of water use to a more efficient level. Commissioner Gougeon explained the proposed dissemination of information was intended to empower Denver Water's customers to be good stewards of the water supply.

The Commissioners complimented the staff for developing a flexible program based upon lessons learned during the height of the drought and encouraged staff to work with the customers to maintain lower levels of water use. In response to questions from the audience, the Board and staff emphasized Denver Water would continue to enforce its operating rules regarding water waste.

2. **ITEM V-A-1: INTERGOVERNMENTAL AGREEMENT FOR  
COOPERATIVE WATER SUPPLY ARRANGEMENTS WITH CITY OF  
AURORA UTILITY ENTERPRISE**

Authorized entering into an Intergovernmental Agreement with the City of Aurora Utility Enterprise to establish cooperative water supply arrangements, including spot sales of water and winter water deliveries to Aurora, Denver Water's lease of Aurora's capacity in the Last Chance Ditch, temporary use by Aurora of capacity in Denver's Foothills Tunnel, agreements regarding the Waterton Canyon minimum stream flow and other provisions.

Mr. Barry explained the agreement formalizes a number of operational relationships developed between the entities. The Intergovernmental Agreement helps coordinate operations between the entities, and also provides an opportunity for Denver Water to deliver raw water to Aurora to assist it in recovery from the drought.

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3. **ITEMV-A-2: UPDATED RESOLUTION TO INDEMNIFY BOARD MEMBERS FOR THIRD PARTY CLAIMS**

Approved the Resolution attached to these Minutes as Exhibit "B" regarding indemnification of Board members.

Ms. Wells explained the Board had passed a resolution in 1978 resolving to indemnify Board employees and Board members in the event of third-party claims brought against them arising from their duties. Since 1978, indemnification of employees has been incorporated into the Personnel Policies (Section 14-32-(2)), and the 1978 resolution needed to be made more current. Ms. Wells explained she would provide additional information to the Commissioners regarding the relationship of the resolution to the terms of liability insurance coverage in Executive Session.

4. **ITEM V-A-3: RETIREMENT PROGRAM FIDUCIARY LIABILITY INSURANCE (DEFINED BENEFIT, DEFINED CONTRIBUTION, AND 457 DEFERRED COMPENSATION PLANS)**

Approved the purchase of fiduciary liability insurance in the amount of \$10 million from St. Paul/Travelers Insurance, with an annual premium of \$30,431, and a \$50,000 deductible to cover Board members and employees with fiduciary responsibilities involving the retirement program and administration of the health and welfare programs provided by Denver Water.

Mr. Barry explained that in September 2005, the Board restructured the retirement program to provide for a retirement program committee composed of Denver Water employees to act in a fiduciary capacity. The proposed coverage provides protection to the Board, the retirement committee members, and other employees beyond that provided by the governmental immunity act and previous indemnity resolutions. Ms. Wells explained the insurance protects the entity as well as individuals.

5. **ITEM V-B-1: ADDITION TO THE COMBINED SERVICE AREA**

With Commissioner Maes abstaining, approved the addition of 53.39 acres of land located in Douglas County, and more particularly described on Exhibit "C," a copy of which is attached to and incorporated in these Minutes, into the Distributor Contract Service Area of the Southgate Water District, Read and Bill Distributor No. 160.

Ms. Bassett explained that at the time the Combined Service Area was defined the staff inadvertently omitted a portion of Southgate's service area.

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The inclusion of the additional acreage would correct that omission and is not expected to affect the District's water requirements. Although the Southgate District suggested deletion of a 56.37 acre parcel from the Combined Service Area, staff did not believe that it was necessary to delete the parcel in order to include the 53.39 acres into the Board's Combined Service Area.

Mr. Tinsley, Manager of the Southgate District, explained the error in defining the Combined Service Area boundary occurred in 1995. The lands sought to be included have been identified and approved for local service by the Southgate Water District.

The Commissioners discussed the implications of including additional lands into the Combined Service Area. Commissioner Maes expressed concern that the Commissioners had not discussed policy implications of the modification to the Combined Service Area.

Mr. Fitzgerald commented the Distributors Forum had written a letter of support dated January 6. The Distributors Forum viewed the requested adjustment as a necessary modification to meet the existing boundaries of the District and not a request that the Board develop additional water supplies. Mr. Fitzgerald commented that when the Combined Service Area had been proposed the parties expected that there would be minor boundary adjustments to reflect an appropriate service area.

6. **ITEM V-D-1: PURCHASE OF FIBER SAN SWITCH FROM VECTRONICS MARKETING, INC.**

Approved the purchase of a refurbished Cisco Fiber SAN switch from Vectronics Marketing, Inc., at a cost of \$132,205 (\$79,600 for hardware and \$52,605 for maintenance, software, and support).

7. **ITEM V-D-2: RENEWAL OF CONTRACT WITH THE COLORADO STATE FOREST SERVICE FOR FOREST AND LAND MANAGEMENT SERVICES**

Authorized an agreement for forest and land management services with the Board of Governors of Colorado State University on behalf of the Colorado State Forest Service to continue a vegetation recovery restoration and management program for site-specific areas in the South Platte watershed and to provide support to the Upper South Platte Watershed Protection and Restoration Project, at a cost to the Board not to exceed \$279,000, all as more particularly described in the Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."



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8. **ITEM V-D-3: TEMPORARY LEASE OF NON-POTABLE WATER WITH CENTENNIAL WATER AND SANITATION DISTRICT**

Approved execution of an agreement providing for the temporary lease of up to 2,000 acre-feet of nonpotable water per year over a three-year period to the Centennial Water and Sanitation District, all as more particularly described in Exhibit "E," attached to and incorporated in these Minutes.

Mr. Pokorney explained that from time to time because of operational constraints, the Board has water available in its Chatfield Reservoir pool, which it is unable to use. Under the terms of the proposed agreement, the Centennial Water and Sanitation District, which diverts water from Chatfield Reservoir, will take delivery of water from Denver. No more than 1,000 acre-feet of the water will be delivered during the summer season. Denver Water has sole discretion of the timing and amount of water available for lease.

Mr. McCloud commented that Denver Water and Centennial have entered into six previous agreements providing for the temporary lease of water. The agreements have provided the basis for a good working relationship between the entities. In response to questions from the Commissioners, Mr. McCloud described Centennial's water conservation program. Pursuant to the agreements between the parties, Centennial periodically sends information to Denver Water to allow a comparison of its conservation measures.

9. **ITEM V-D-4: CM/GC CONSTRUCTION PHASE SERVICES FOR THE CONSTRUCTION OF MONTCLAIR RECYCLED WATER PUMP STATION WITH LILLARD AND CLARK CONSTRUCTION COMPANY, INC.**

Authorized entering into a construction management/general contractor (CM/GC) services agreement with Lillard and Clark Construction Company, Inc. for the construction of the Montclair Recycled Water Storage Pump Station Project, which will have as many as five guaranteed maximum price (GMP) amendments with a total project budget of \$8.5 million and a project completion date of July 31, 2007.

Mr. Price provided the Commissioners and the public with a copy of his presentation outline, a copy of which is attached to and incorporated in these Minutes as Exhibit "F." Mr. Price explained the operation of the agreement and alerted the Board that additional contracts will be brought to it for authorization in coming months for work involving the construction of the Capitol Hill Storage Facility, the Montclair Pump Station facility and Conduits 303 and 306. In response to questions from the Commissioners, Mr. Diebel explained the new pump station will be located on the easterly portion of the

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site in anticipation of future widening by the City of Denver of Quebec Street. The goal is to provide recycled water to the Lowry and Stapleton development projects by summer 2007.

10. **ITEM V-D-5: PARTIAL GUARANTEED MAXIMUM PRICE AMENDMENT NO. 1 FOR THE CONSTRUCTION OF MONTCLAIR RECYCLED WATER PUMP STATION WITH LILLARD AND CLARK CONSTRUCTION COMPANY, INC.**

Authorized Partial Guaranteed Maximum Price Amendment No. 1 to the CM/GC Services Contract with Lillard and Clark Construction Company, Inc. (Agenda Item V-D-4) for construction of the Montclair Recycled Water Pump Station, at a cost to the Board not to exceed \$1,053,073.64.

11. **ITEM V-D-6: AWARD OF 2006 PIPE REHABILITATION CONTRACT**

Authorized award of a contract to Aqua-Rehab, Inc. for the 2006 pipe rehabilitation project, which includes cleaning and lining approximately 22,000 linear feet of 6-inch through 12-inch diameter cast iron distribution mains, at a cost to the Board not to exceed \$1,163,694.25.

Mr. Diebel explained the importance of the contract to Denver Water's water main maintenance program. Many of the lines to be relined are more than 100 years old, and the lining will extend the useful life of the facilities many more years. The area of the program is between 6<sup>th</sup> and 13<sup>th</sup> Avenues, and Navajo Street and Speer Blvd.

12. **ITEM V-D-7: PRELIMINARY DESIGN SERVICES FOR THE DISINFECTION CONTACT BASINS AT THE FOOTHILLS AND MARSTON WATER TREATMENT PLANTS**

With Commissioner Tate abstaining, approved entering into an agreement with CH2M Hill, Inc. to provide preliminary design services for disinfection contact basins at the Foothills and Marston Water Treatment Plants at a cost to the Board not to exceed \$313,118.

Commissioner Tate explained he abstained because his wife works for CH2M Hill although she has no involvement with the portion of the corporation which would perform services for Denver Water.

Mr. Balley provided the Commissioners and the public with a copy of his presentation, a copy of which is attached to and incorporated in these Minutes as Exhibit "G." Mr. Balley explained that water produced at Denver Water's water treatment facilities currently meets the stage 2 disinfection

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byproduct requirements. Because the stage 2 rule requires a more consistent disinfection byproduct concentration within the distribution system, and because it is expected that the rules will become more stringent, it is appropriate to improve the process both at Foothills and Marston Water Treatment Plant facilities at this time. The consultant will provide pre-design services. Final design services and construction services will be negotiated after the preliminary design is completed.

13. **ITEM V-D-8: RATIFICATION OF CONSTRUCTION CONTRACT  
CHANGE ORDERS AND AMENDMENTS TO AGREEMENTS**

Ratified construction contract change orders and amendments to agreements authorized by the Manager in February and March 2006 as follows: Change Order No. 1 to the contract with T. Lowell Construction, Inc. to furnish and install Conduit No. 153 from Happy Canyon Road to Hillcrest Pump Station; Change Order No. 3 to the contract with Quality Paving Company to provide Kassler complex drainage and site improvements; Change Order No. 6 to the contract with Glacier Construction Company, Inc. for the Eleven-Mile Canyon Dam Outlet Works renovation; Change Order No. 3 to the contract with Western Summit Constructors, Inc. for the Gross Reservoir Hydroelectric Project; Change Order No. 4 to the contract with Central Fire Protection Contractors, Inc. for the design/construction of fire system modifications at the Foothills Treatment Plant; Change Order No. 3 to the contract with CDM Constructors, Inc. for installation of electric actuators on Conduit No. 143 at DIA; Change Orders No. 1 and 2 to the contract with T. Lowell Construction, Inc. for the installation of valves at described locations; Change Order No. 2 to the contract with Glacier Construction Company, Inc. for the Foothills Treatment Plant flocculation equipment replacement; Change Order No. 4 to the contract with Jennison Construction Company, Inc. for the recycling plant solids drying beds; Change Order No. 1 to the contract with Tierdael Construction Company, Inc. for Conduit No. 3 relocation in South Federal Blvd. at Sanderson Gulch; amendment to the April 11, 2005 agreement with Tumbleweed Electric for installation of the Foothills Treatment Plant security fence lighting; and amendment to the September 2, 2006 agreement with Black & Veatch regarding the Eleven-Mile Dam Outlet Works renovation, all as more specifically described in Agenda Item V-D-8, dated April 12, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "H."

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14. **ITEM V-D-9: CONTRACT TO FURNISH AND INSTALL A NEW ACCESS BRIDGE ACROSS BURLINGTON DITCH TO MILLER RESERVOIR**

Authorized award of a contract to furnish and install a new bridge across the Burlington Ditch at Miller Reservoir to Mesa Construction at a cost of \$146,240.85.

15. **ITEM V-D-10: CHANGE ORDER NO. 7 ELEVEN MILE OUTLET WORKS RENOVATION**

Approved Change Order No. 7 at a cost not to exceed \$7,000, including a time extension of 37 days, to the May 11, 2005 contract with Glacier Construction, Inc. for the Eleven-Mile Reservoir Outlet Works renovation project, all as more particularly described in the change order, a copy of which is attached to and incorporated in these Minutes as Exhibit "I."

16. **ITEM V-D-11: AUTHORIZATION OF INCREASE OF ANNUAL CONTRACT FOR BRASS AND BRONZE ITEMS**

Authorized a \$60,000 increase of the October 27, 2004 contract with Dana Kepner to furnish Denver Water's requirements of brass and bronze items for the period November 1, 2004 through October 31, 2006, with a new contract amount not to exceed \$184,023.69.

17. **ITEM V-D-12: CONTRACT FOR BUTTERFLY VALVES AND ACTUATORS**

Authorized award of a contract to DeZurick Valve to provide butterfly valves and actuators at the unit prices described in the Tabulation of Bidders' Proposal No. 10203A, dated April 3, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "J," for a total contract amount not to exceed \$199,114.

18. **ITEM V-D-13: CONTRACT FOR CLEANING SERVICES – ADMINISTRATION BUILDING**

Authorized award of a contract to Whayne and Sons Enterprises, Inc. to provide cleaning services at the Administration Building for the contract period May 1, 2006 through April 30, 2007, at the unit costs described in the Tabulation of Bidders' Proposal No. 10158A, dated March 31, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "K," for a total contract amount not to exceed \$160,000.

Mr. Good explained that in an effort to continue to look for system-wide efficiencies in operation of the Denver Water system, staff had investigated

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the possibility of outsourcing cleaning services for the Administration Building. The annual savings in elimination of the seven full-time positions necessary for cleaning the building exceed \$237,000. Additionally, staff expects savings in the cost of cleaning supplies. In response to questions from the Commissioners, Mr. Barry and Mr. Good explained that staff is looking at other areas of Denver Water to determine if efficiencies can be achieved which will result in additional savings. Proposed plans to increase Denver Water efficiencies will be brought to the Board as the investigations are completed.

19. **ITEM V-D-14: DECLARATION OF SURPLUS PROPERTY AND SALE OF A PORTION OF THE HIGH LINE CANAL PROPERTY TO LANDMARK PROPERTIES GROUP, INC.**

Declared a 1.105 acre parcel of property located in the SE1/4 of Section 3, Township 3, South Range 66 West of the 6<sup>th</sup> Principal Meridian in Adams County, Colorado, as more particularly described on Exhibit "L," attached to and incorporated in these Minutes, no longer useful for or required in the water works operations, and authorized the sale of such property to Landmark Properties Group, Inc. under the terms of a Purchase and Sale Agreement, a copy of which is attached to and incorporated in these Minutes as Exhibit "M," for a total price of \$82,875, the net proceeds from the sale to go into the Land Sales Account.

20. **ITEM V-D-15: CHANGE ORDER NO. 1 ROCK DRILLING AND BLASTING AT RALSTON DAM**

Approved Change Order No. 1 in the amount of \$42,750, including a time extension of 77 days to the January 23, 2006 contract with Yenter Companies, Inc. for rock drilling and blasting at Ralston Dam, all as more particularly described in the Change Order, a copy of which is attached to and incorporated in these Minutes as Exhibit "N."

21. **ITEM V-D-16: PURCHASE OF USED TRACK EXCAVATORS**

Authorized award of a contract to Wagner Equipment Company to furnish two previously owned Caterpillar Model 315 track excavators for a purchase price of \$233,700, less trade-in of \$34,000 for a Caterpillar E120B and a Hydraulic Excavator, for a total contract amount of \$199,700, such award being based upon compliance with specifications and acceptable delivery.

22. **ITEM V-D-17: PURCHASE OF TRACK EXCAVATOR (RENT TO OWN)**

Authorized award of a contract to Colorado Machinery to furnish one John Deere 225C Excavator including thumb attachment, 36-inch bucket and

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extended power train and hydraulic warranty, for a purchase price of \$163,844, less rental allowance of \$11,800, for a total contract amount of \$152,044, such award being based upon compliance with specifications and acceptable delivery.

23. **ITEM V-E-1: HUMAN RESOURCE CHANGES**

Approved the human resource changes set forth in Agenda Item V-E-1 dated April 12, 2006, a copy of which is attached to and incorporated in these minutes as Exhibit "O," effective the pay period beginning **March 25, 2006**, unless otherwise noted.

24. **ITEM V-E-2: EMPLOYEES ELIGIBLE FOR REGULAR STATUS**

The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective **April 1, 2006**, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date Unless otherwise noted^	Division/Section
Cynthia Brady	9/19/2005	9/19/2005	Raw Water Supply #320
John Hollick	9/26/2005	9/26/2005	Marston #630
Michelangelo Creazzo	10/03/2005	10/03/2005	Recycled Water Plant #650
Douglas Stuhr	9/26/2005	9/26/2005	Water System Operations #760

25. **ITEM VI-B-1: DISCUSSION AND INFORMATION: LEGISLATIVE MATTERS<sup>1</sup>**

Ms. Duncan reported on the status of various legislative matters including Senate Bill 37, dealing with recreational in-channel diversions; the Long Bill which includes provisions for funding the Water Quality Commission; and House Bill 1352, which relates to water quality standards in change of water right proceedings.

26. **ITEM VI-B-2: DISCUSSION AND INFORMATION -- 2005 AUDITED FINANCIAL STATEMENTS**

Mr. LaFrance introduced Mr. Dennis Yockey and Ms. Jody Cates, representatives of the Board's external auditor, Grant Thornton. Mr. Yockey

<sup>1</sup> Commissioner Gougeon excused himself from the meeting during the discussion of legislative matters and did not return because of a pre-existing conflict.

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outlined the audits which were recently completed by Grant Thornton and reported the firm provided unqualified audit opinions for: Denver Water; the Defined Benefit Retirement Plan and Trust; the 401(k) Supplemental Retirement Plan; and the 457 Deferred Compensation Plan. Mr. Yockey directed the Commissioners' attention to the audit approach memorandum which described the services, personnel, time-table and provided an overview of the key audit procedures. Mr. Yockey explained that a memorandum of advisory comments and recommendations had been provided to Denver Water's staff. Mr. Yockey thanked staff for its cooperation and preparation for the audit.

In response to questions from the Commissioners, Mr. LaFrance explained the advisory comments and recommendations regarding IT security had already been discussed with Mr. Dermody. Comments regarding pending litigation would be discussed with Ms. Wells and he did not anticipate any concerns in implementation of the recommendations. Copies of each of the following described audited financial statements were provided to the Commissioners and are attached to and incorporated in these Minutes as Exhibits "P" through "S":

- Board of Water Commissioners City and County of Denver, Colorado Financial Statements December 31, 2005 and 2004;
- Employees Retirement Plan and Trust of the Denver Board of Water Commissioners City and County of Denver Financial Statements December 31, 2005 and 2004;
- Denver Water Supplemental Retirement Savings Plan Financial Statements December 31, 2005 and 2004; and
- Denver Water 457 Deferred Compensation Plan Financial Statements December 31, 2005 and 2004.

**27. ITEM VI-B-3: DISCUSSION AND INFORMATION -- PROCESS FOR SELECTION OF AN AUDIT FIRM FOR 2006**

Mr. LaFrance explained that Denver Water's independent auditor performs an audit through a joint contract with the City Auditor. Under the terms of the current contract, Grant Thornton would provide auditing services for an additional year; however, Grant Thornton had recently given notice of termination of the contract because of the sale of their governmental practice to BKD, LLP. The Commissioners and staff discussed the options and

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concurred that staff should coordinate with the City Auditor to rebid the contract for a new five-year term beginning with the 2006 audit.

28. **ITEM VI-E-1: DISCUSSION AND INFORMATION -- DISTRIBUTORS FORUM COMMUNICATIONS**

Mr. Fitzgerald reported the Distributors Forum was complimentary of the efforts of Denver Water staff to secure agreement with EPA and the state for monitoring and reporting water quality from the Denver system as an entire integrated system, rather than Denver Water and each of the water and sanitation districts having such responsibility. Mr. Fitzgerald noted there would be a substantial savings to each of the distributors and those savings would not result in any impact on public health. Mr. Fitzgerald specifically complimented the efforts of Brian Good, Steve Lohman, Bruce Hale, and Arnie Strasser.

29. **ITEM VI-F-1: DISCUSSION AND INFORMATION: STATUS OF THE INVESTMENT PORTFOLIO**

The Commissioners received the report, "Denver Water Investment Portfolio as of March 31, 2006" as set forth in Agenda Item VI-F-1 dated April 12, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "T."

30. **ITEM VI-F-2: DISCUSSION AND INFORMATION: STATUS OF CONTRACT WORK**

The Board was furnished with the Status of Contract Work Report dated April 12, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "U."

31. **ITEM VI-F-3: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT**

The Commissioners received the 2005 Budget Status Summary for the period ending March 31, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "V."

32. **ITEM VI-G-1: SCHEDULING OF FUTURE BOARD MEETINGS**

The Board confirmed it would meet April 26, 2006, at the offices of the Gates Family Foundation, located at 3575 Cherry Creek North Drive to discuss Denver Water's Integrated Resource Planning Process. The meeting will be held between 8:00 a.m. and 11:30 a.m.



## RECORD OF PROCEEDINGS

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### MINUTES OF THE BOARD OF WATER COMMISSIONERS

The Board confirmed that the next regular meeting would take place on Wednesday, May 10, 2006, at 9:15 a.m. in the Board Room, Room 309, 1600 W. 12<sup>th</sup> Avenue, Denver, Colorado.

No further business appearing, the Board voted unanimously to adjourn into Executive Session at approximately 11:47 a.m.

#### **EXECUTIVE SESSION**

On Wednesday, April 12, 2006, commencing approximately at 11:50 a.m. in the Manager's Office, located in the Administration Building, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matter which is authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 was discussed during the Executive Session:

1. Litigation Report § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:30 p.m.

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President

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Secretary